

WASHINGTON, D.C. - The House of Representatives on Wednesday passed a bill that will temporarily patch the Alternative minimum tax, staving off a tax increase that would cost 23 million middle-income families an average of \$2,000. On the Central Coast, 39,000 families would have seen tax increases if the patch was not passed.

This was the third time the House passed the bill. The two previous versions would have plugged tax loopholes related to offshore tax shelters, but the president and Senate Republicans refused to accept that budget offset. The bill that passed on Wednesday, which is expected to be signed by the president, fails to pay for the patch, instead adding \$50 billion to the federal deficit.

The Center on Budget and Policy Priorities estimates that more than two-thirds of the \$50 billion cost of this year's AMT patch is due to President Bush's 2001 and 2003 tax cuts, which primarily benefited the most wealthy Americans.

Congressman Sam Farr (D-Carmel) released the following statement:

"The AMT patch was absolutely necessary. We can't punish millions of middle-class families with an archaic rule that was meant to prevent the wealthiest Americans from sheltering their income from taxes.

"Ironically, the budget offset the Republicans refused to accept would have forced a handful of multi-millionaires sheltering money in offshore accounts to stop doing so. I'm happy that this patch was enacted, but hope that in the future my Republican colleagues won't hold these bills hostage in return for favors for the rich."

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